Food processing industrial policy

1398. SHRIMATI VIPLOVE THAKUR: Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether Government has directed the State Governments to frame Food Processing Industrial Policy for their States;

(b) if so, the details thereof;

(c) the names of States that have formulated their own Food Processing Industrial Policy alongwith the financial assistance provided by Government to each State;

(d) whether Government has taken any initiatives to encourage the States, which have not taken steps, to frame their own Food Processing Industrial Policy; and

(e) if so, the details thereof, alongwith the names of the States which have not taken any steps in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY): (a) and (b) Ministry of Food Processing Industries (MFPI) with the intention to make concerted efforts for development and growth of food processing sector, is encouraging States to frame Food Processing Industrial Policy for their respective States. This will facilitate the States to create enabling environment for creating rural infrastructure, raise level of processing and generate farm level employment keeping in view their distinct agro climatic scenario and availability of rural infrastructure.

(c) to (e) The information has been sought from all the State Governments and will be placed on the table of the House.

Export of agricultural and processed food products

1399. SHRI M.V. MYSURA REDDY: Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether it is a fact that as per the Report 'Agro-industrial Parks in India' of the Food and Agricultural Organization of UN, India is lagging behind in the export of agricultural and processed food products, in spite of abundant and varied production base;

(b) whether the Report has also pointed out that India confines its exports to conventional markets in West Asia, Western Europe and North America;

(c) if so, the details in respect of parts (a) and (b) above; and

(d) what action plan the Ministry has prepared or proposes to formulate to fully utilize the production and export of India's fresh and processed food?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY): (a) and (b) According to the Agricultural and Food Engineering Working Document authored by Shri K.Lakshminarayana Rao, as available on website http://www.fao.org/Ag/ags/publications/docs/AGST_WorkingDocuments/J7714_e.pdf India is lagging behind in the export of agricultural and processed food products, despite its abundant and varied production base and it mentions that export is primarily limited to conventional markets in West Asia, Western Europe and North America covering mainly to ethnic population. However, it

may be mentioned that the above mentioned document is not the part of the published report of FAO (UN) and designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations.

(c) The details in respect of part (a) & (b) are as follows as given out in the above mentioned Agricultural and Food Engineering Working Document:

The paper mentions that in spite of an abundant and varied production base and the substantial international demand that exists for many fresh and processed foods, the export performance is marginal. The issues are many but some prominent one are that farming communities are sometimes characterized by small numbers of producers dispersed over large areas. Moreover, the goods and materials are required to be transported over long distances to reach markets. Traditionally, only a few processing industries may be located in producing areas including rice mills, sugar mills and oil mills. The reasons cited for poor export performance are:

i) Inadequate post harvest management practices.

ii) Lack of sophisticated equipment for ensuring uniform high quality products for export.

iii) Lack of cold storage facilities, which make the grower increasingly dependent upon external market traders (and thus market forces over which others have control).

iv) Constraints of air cargo space, high air freight rates and lack of facilities at ports of exit.

v) Inadequate information about potential markets and the competitiveness of the raw materials or manufactured goods involved.

vi) Over-dependence on a few selected export products (for example from India - onions, okra and mangoes; and from Sri Lanka - coir, desiccated coconut and spices).

vii) Over-dependence on a limited number of conventional markets in West Asia, Western Europe or North America catering mainly to ethnic populations; making these exports vulnerable to fluctuations in international trade.

viii) Absence of clear policies with which to ensure a sustained presence in the main export markets over a reasonable period of time.

ix) Lack of adequate quality control facilities either on-site at point of production or as common facilities within a district or an industrial estate.

(d) The Vision Document adopted by the Ministry of Food Processing Industries, *inter alia,* aims at increasing India's share in world food trade from 1.5% to 3% by the year 2015. In this regard, Ministry of Food Processing Industries has taken strategic initiatives in Food Processing Infrastructure which aims at filling the gaps in the supply chain, strengthening of cold chain infrastructure/ value addition infrastructure, modernisation of abattoirs leading to overall development of food processing industries and reduction in wastages. To further strengthen the Food Processing Infrastructure, Government has approved a scheme for Mega Food Parks, which envisages a well-defined agri/horticultural-processing zone containing state of the art processing facilities with support infrastructure and well established supply chain. The scheme aims to provide a mechanism to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers'

income. The primary objective of the scheme is to facilitate establishment of an integrated value chain, with processing at the core and supported by requisite forward and backward linkages.

Other strategic initiatives during 11th Plan include scheme for Integrated Cold Chain and Preservation Infrastructure including Controlled Atmosphere/Modified Atmosphere Stores, Value Added Centres, Packaging Centres and Irradiation facilities. Benefits of the Scheme will also be available to integrated projects of value addition / processing / preservation of horticulture, dairy, marine, and meat sector.

Growth of food processing sector

1400.SHRI MAHENDRA MOHAN: Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the growth of food processing sector for the last few years has been very slow;

(b) if so, the factors responsible therefor;

(c) whether Government has invited private sector investments in this sector;

(d) if so, to what extent private sector has shown interest in this sector; and

(e) the likely benefits Government proposes to give to private sector to boost growth of this sector?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY): (a) No, Sir. The growth rate of food processing industries during 9th Plan Period has been 7.1%. The average rate of growth during the first four years of the 10th Plan was @ 13.025% at current prices and @ 6.75% at 1999-2000 prices. There has been significant growth of food processing units during the last three four years. Food Processing Industries have been growing @ 13.14% p.a.

(b) Does not arise.

(c) to (e) Ministry of Food Processing Industries (MFPI) takes steps to attract private investments including Foreign Direct Investment (FDI) in food processing sector which has great potential for growth of employment and income. Several Companies have shown interest in investment in the food processing, sector. To promote food processing sector, the Government has also been providing various fiscal and tax incentives. During the current year's budget various tax incentives have been given to the processed food' industry which include - raising of exemption limit of excise duty for Small Scale Industry (SSI) from Rs. 1 crore to Rs. 1.5 crores. Excise duty on biscuits whose retail price does not exceed Rs. 100 per Kg. has been reduced from 8% to 0%. Excise duty has been reduced from 8% to 0% on all kinds of food mixes including instant mixes, and on reefer vans (refrigerated motor vehicles) from 16% to 8%. Soya bari (food supplements) and ready to eat packaged foods have been fully exempted from excise duty; Custom duty on reefer vans has been exempted and on food processing machinery has been reduced from 7.5% to 5%, on sunflower oil (crude) from 65% to 50% and on sunflower oil (refined) from 75% to 60%. Special additional duty of 4% has been waived in the case of refined edible oil. Services provided by Technology Business Incubators have been exempted from service tax and similarly their Incubatees, whose annual business turnover does not (exceed Rs. 50 lakhs have been exempted from service